

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's
Proposed Policies and Programs Governing Post-
2003 Low-Income Assistance Programs.

R.04-01-006; A.04-06-038; A.04-07-002;
A.94097-010; A.04-07-011; A.04-07-012
A.04-07-013; A.04-07-014; A.04-07-015;
A.04-07-020; A.04-07-027; A.04-07-050

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY COMMENTS ON
THE DRAFT INTERIM OPINION OF ALJ THOMAS APPROVING 2005 LOW-INCOME
ENERGY EFFICIENCY (LIEE) AND CALIFORNIA ALTERNATIVE RATES FOR
ENERGY (CARE) PROGRAMS FOR PACIFIC GAS AND ELECTRIC COMPANY,
SOUTHERN CALIFORNIA EDISON COMPANY, SOUTHERN CALIFORNIA GAS
COMPANY, AND SAN DIEGO GAS & ELECTRIC COMPANY**

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Dated: **April 18, 2005**

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I.

INTRODUCTION

Pursuant to Rule 77.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Southern California Edison Company (SCE) hereby respectfully submits its reply comments on the Draft Interim Opinion Approving 2005 Low-Income Energy Efficiency (LIEE) and California Alternative Rates for Energy (CARE) Programs. SCE appreciates the opportunity to submit this reply to the opening comments filed by the Office of Ratepayer Advocates (ORA) and Pacific Gas and Electric Company (PG&E).

II.

DISCUSSION

A. Response to ORA's Comments

1. ORA Comments on SCE's LIEE Budget Increase

ORA's comments on page 4. . . "raises serious concerns about previous installation and weatherization services provided by SCE." ORA states both D.01-05-033 and Public Utilities Code §2790 require each utility to provide all feasible measures to every qualified home visited by the utility. ORA further recommends that the Commission revise the draft decision to put the utilities on notice that in future budget applications, any request that deviates significantly from previous years' goals must be accompanied by very

detailed explanations of the reason for the change, including all relevant documentation, to allow for public scrutiny of rationale.

SCE has provided very detailed explanations and rationale supporting the need for additional funding in its original testimony and supplemental response to ORA's protest and data requests. Public Utilities Code §2790 and D.01-05-033 did not require SCE to provide all feasible measures to every qualified home visited by "SoCalGas." During the energy crisis, the Commission in D.01-05-033 endorsed a two-track approach with a focus both on comprehensiveness and obtaining immediate savings during the energy crisis.¹ SCE continued with its compact fluorescent program in 2001 while undertaking program design changes to ensure all customers receiving service from SCE would receive all feasible measures. SCE notes that D.01-05-033 addressed comprehensiveness and leveraging with LIHEAP service providers.

Comprehensiveness for SCE meant that all customers served by SCE in the future would receive all measures for which they were eligible. The Commission in D.01-05-033 did not require SCE to provide a comprehensive series of electric measures for its customers receiving LIEE services from SoCalGas. As described in SCE's testimony, and its response to ORA Data Request No. 2,² through subsequent standardization efforts, leveraging and comprehensiveness were expanded for SCE so that, customers receiving gas measures from SoCalGas would also receive the corresponding comprehensive series of electric measures if they received electric service from SCE.³ This greatly increased the total number of customers receiving comprehensive services as well as the amount of money to provide these services.

SCE's detailed explanations for its funding request, including all relevant documentation support Conclusion of Law 5 as written in the draft decision.

2. SCE's Application Seeks a 0.14% Revenue Increase For 2005

ORA's comments at page 10 indicate the origin of SCE's 0.14% increase is unclear and possibly incorrect. The increase in the amount of 0.14% is correct and reflects the impact of the requested revenue increase in SCE's LIAP budgets of \$13.4 million as compared to SCE's total company annual revenues of approximately \$9.4 billion. SCE would like to point out that on pages 3 and 4 of SCE's July 1, 2004 Application in this matter, SCE discusses the \$13.4 million revenue increase. "Compared to revenue at

¹ D.01-05-033, page 38, "For example, SCE provides relamping and energy education to a broader number of households throughout its service territory than those it can reach in a program year with weatherization services. In SCE's case, this is primarily due to the fact that there are only a small number of low-income customers residing in electric-heated dwellings. However, nothing in today's decision precludes utility administrators from similarly implementing a two-track rapid deployment strategy in their service territories, if that approach will provide meaningful bill savings to the most households."

² SCE's Response to ORA Data Request No. 2 was filed with the Commission on August 30, 2004 and subsequently made a part of the record in this proceeding when ALJ Thomas approved SCE's Motion to Supplement.

³ Low-Income Energy Efficiency Program Statewide Policy and Procedures Manual, dated December 2003. This revision was filed with the Commission in December 2003 and approved in a joint ruling of the Assigned Commissioner and Administrative Law Judge, dated March 23, 2004.

present rates as of January 1, 2004, SCE is requesting a revenue increase of \$13.4 million, or a 0.14% in 2005.”

3. SCE’s Budget for CARE 2002-2004

While working with ORA to clean-up minor errors in the tables of the DD, SCE became aware that ORA seeks additional clarification on the issue raised in SCE’s comments of whether SCE’s 2002, 2003 and 2004 CARE budgets were \$2,882,838 or \$3,078,338. Although tables in D.02-09-021 show SCE’s CARE administrative budget at \$3,078,338, these tables include indirect costs of \$82,700 and Energy Division costs of \$195,500. The correct figures are \$0 for Indirect Costs and \$82,700 for Energy Division costs, which result in the correct calculation of \$2,882,838 for the CARE budget.

The discussion text on pages 35 and 36 of D.02-09-021 states, “Only SCE and SDG&E report expenditures and only SDG&E submitted a budget for indirect costs. . . . SCE does not budget or record indirect costs under the CARE program, but reports that it has expended \$82,185 during the first half of 2002 for pensions and benefits. These costs are apparently recovered in SCE’s base rates. . . . We will authorize the proposed PY2002 budgets for indirect costs for SDG&E, subject to the Energy Division audit and our ex post reasonableness review.” Clearly, the Commission did not intend nor did it authorize SCE to recover indirect costs in its CARE budget that already are recovered in base rates.

On pages 36 and 37 of D.02-09-021, the Commission with respect to Energy Division staffing costs states, “The utilities’ proposed budgets for these requirements appear reasonable at this time, with the exception of SCE’s budget. As explained by SCE in its comments, its budget estimate assumed that SCE would receive the full amount of SBX1 5 funds and then reimburse Energy Division for staff requirements. Instead, those reimbursements were taken ‘off the top.’ We reduce the budget from \$195,500 to \$82,700 to correct this oversight. This revised figure matches PG&E’s budget for this cost category, which is appropriate given that both SCE and PG&E each are responsible for 30% of such costs.”

Therefore, SCE’s appropriate authorized CARE budget for the years 2002, 2003 and 2004 is \$2,882,838.

4. Cool Centers

SCE believes the ORA discussion of SCE’s Cool Centers on pages 5 and 6 of their comments should be expanded upon. In the event the DD is approved with the budget reductions for Cool Centers as shown in Table 17, the DD needs to be modified to increase the SCE CARE budget by \$95,000, which is the amount remaining for Cool Centers after the reduction.

This could be done simply by adding one more line item under the authorized CARE budget in Table 15. The new line item would be Cool Centers and have a budget of \$95,000. The total SCE CARE budget in Table 15 should then be increased by \$95,000 for a revised total of \$4,199,000 for 2005.

B. Response to PG&E's Comments

1. Low-Income Assistance Programs Fund Held in Trust

SCE agrees with PG&E that the language in Ordering Paragraph 31 requiring that IOUs hold LIEE and CARE funds “in trust solely for the benefit of the Commission” is unwarranted. As PG&E correctly states, because the revenue associated with these programs are recorded in balancing accounts, there is already a distinct segregation of these revenues from other IOU retail revenues. Therefore, SCE agrees that Ordering Paragraph 31 should be deleted.

2. The DD Should Remove all Reference to Franchise Fees

In addition, as PG&E points out, since the Commission has directed the electric IOUs to be the administrators of the low-income programs the IOUs have a fiduciary obligation to collect the designated public purpose funds and to ensure that such funds are spent on these programs for the benefit of LIEE and CARE customers. Given that the electric IOUs are the administrators of these programs, unlike gas IOU's low-income programs which are funded through a gas surcharge and remitted to a third party, the DD should not require utilities to exclude Franchise Fee payments associated with low-income program revenues.

III.

CONCLUSION

SCE appreciates the opportunity to submit these reply comments on the Draft Decision and respectfully requests that the Commission make the necessary revisions to the Draft Decision to make it consistent with SCE's opening and reply comments.

Respectfully submitted,

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April 18, 2005



SOUTHERN CALIFORNIA
EDISON

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April 18, 2005

Docket Clerk
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

RE: R.04-01-006

Dear Docket Clerk:

Enclosed for filing with the Commission are the original and five copies of the **SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY COMMENTS ON THE DRAFT INTERIM OPINION OF ALJ THOMAS APPROVING 2005 LOW-INCOME ENERGY EFFICIENCY (LIEE) AND CALIFORNIA ALTERNATIVE RATES FOR ENERGY (CARE) PROGRAMS FOR PACIFIC GAS AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, SOUTHERN CALIFORNIA GAS COMPANY, AND SAN DIEGO GAS & ELECTRIC COMPANY** in the above-referenced proceeding.

We request that a copy of this document be file-stamped and returned for our records. A self-addressed, stamped envelope is enclosed for your convenience.

Your courtesy in this matter is appreciated.

Very truly yours,

Larry R. Cope

[LRC:as:LW051050066.doc](#)

Enclosures

cc: All Parties of Record
(U 338-E)

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY COMMENTS ON THE DRAFT INTERIM OPINION OF ALJ THOMAS APPROVING 2005 LOW-INCOME ENERGY EFFICIENCY (LIEE) AND CALIFORNIA ALTERNATIVE RATES FOR ENERGY (CARE) PROGRAMS FOR PACIFIC GAS AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, SOUTHERN CALIFORNIA GAS COMPANY, AND SAN DIEGO GAS & ELECTRIC COMPANY on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

- ☐ Transmitting the copies via e-mail to all parties who have provided an e-mail address.
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Executed this **18th day of April, 2005**, at Rosemead, California.

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